

# MORNING NEWS CALL

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U.S. Edition

Thursday, April 25, 2024



## Earnings Roundup

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### TOP NEWS

- **Meta shares plunge as prolonged AI spending plans unnerve investors**

Meta Platforms' shares plunged in premarket trading as the social media firm's comments around prolonged spending on artificial intelligence unnerved investors.

- **Southwest Airlines cuts jet delivery forecast from Boeing again**

Southwest Airlines slashed its estimates for new aircraft deliveries from Boeing in 2024 for the third time and said it plans to undertake cost-cutting measures to ease the resultant blow.

- **Caterpillar sees lower second-quarter sales as machinery boom fades**

Caterpillar said it expects sales to fall in the current quarter as demand for its construction equipment eases from last year's boom, sending its shares down in premarket trading.

- **Comcast tops revenue estimates on streaming growth, strong park attendance**

Comcast beat quarterly revenue estimates driven by higher-than-expected subscriber growth at its Peacock streaming service and strong attendance at its theme parks.

- **Merck raises 2024 profit forecast on strong sales of cancer drug Keytruda**

Merck raised its annual profit and revenue forecast on the back of strong sales for its blockbuster cancer drug Keytruda.

### BEFORE THE BELL

**U.S. stock index futures** dipped as Meta's dour quarterly results dragged down megacap stocks, while investors awaited GDP and weekly jobless claims reports due later in the day. Britain's benchmark **FTSE 100 stock index** touched a record high after BHP Group's bid for miner Anglo-American, while investors cheered Unilever, AstraZeneca and Barclays' earnings. The **yen** hit a fresh 34-year low versus the **dollar** and a 16-year low against the **euro**, while the **Nikkei** dropped 2% ahead of the Bank of Japan Policy meeting on Friday. In commodities, **oil** prices edged up as signs of retreating fuel demand in the U.S. contended with widening conflict risks in the Middle East, while **gold** advanced on weaker dollar. Alphabet, Microsoft and Intel are scheduled to report their quarterly numbers after markets close.

### STOCKS TO WATCH

#### Results

- **Align Technology Inc:** The company on Wednesday raised its annual revenue growth forecast after topping Wall Street estimates for first-quarter profit, banking on resilient demand for its clear teeth aligners among

teenagers and younger patients. The maker of teeth aligners now sees its fiscal 2024 total revenue growth to be up 6% to 8% year-over-year, compared with a previously expected rise of mid-single digit over 2023. Align expects second-quarter total sales to be between \$1.03 billion and \$1.05 billion, meeting analysts' estimates at mid-point. The company's total revenue rose 5.8% to \$997.4 million in the January-to-March quarter, beating analysts' estimate of \$974.41 million, of which 83.9% came from sales of its lead product unit. On an adjusted basis, the company earned \$2.14 per share, above analysts' average estimate of \$1.97 per share.

• **American Airlines Group Inc:** The company forecast current-quarter profit largely above analysts' expectations on Thursday, amid a rebound in business travel and expectations of strong demand in the upcoming summer season. The company expects an adjusted profit of \$1.15 per share to \$1.45 per share for the quarter ending June 30. Fort Worth, Texas-based American Airlines swung to a loss of \$312 million, or 48 cents per share, for its first quarter, compared with a profit of \$10 million, or 2 cents per share last year. The airline's total operating revenue rose 3.1%, to \$12.57 billion.

• **AstraZeneca PLC:** The firm sailed past market expectations for quarterly revenue and profit, boosted by demand for its blockbuster drugs and steady sales from partnered medicines. Oncology, the Anglo-Swedish drugmaker's top business, delivered a 26% jump in first-quarter sales to \$5.12 billion. Combined revenue from partnered medicines, such as breast cancer therapy Enhertu with Daiichi Sankyo and asthma medicine Tezspire with Amgen, jumped more than 60% in the quarter. The company reported core earnings per share of \$2.06 on a 19% year-on-year rise in revenue to \$12.68 billion. AstraZeneca stuck to its forecast for total revenue and core earnings per share to increase by low double-digit to low teens percentages in 2024.

• **Bristol Myers Squibb:** The company reported a first-quarter loss as charges related to its recent acquisitions of Karuna Therapeutics, RayzeBio and Mirati Therapeutics offset a 5% increase in revenue. The New Jersey-based drugmaker posted a loss of \$4.40 per share, including charges for acquired research and development. On a net basis, Bristol's loss was \$5.89 per share. The company reported quarterly revenue of \$11.87 billion, exceeding the average analyst estimate of \$11.48 billion. For full year 2024, Bristol dramatically cut its adjusted profit forecast to between 40 cents and 70 cents per share due to deal expenses. The company had previously forecast earnings of \$7.10 to \$7.40 per share. Bristol said it continues to expect 2024 revenue growth at a rate in the low single digits.

• **Caterpillar Inc:** Caterpillar posted a rise in quarterly profit as it held on to higher prices for its construction equipment as demand eased from last year's boom. The company's net income rose to \$2.86 billion, or \$5.75 per share, in the first quarter ended March 31, from \$1.94 billion, or \$3.74 per share, a year earlier. It reported an adjusted per-share profit of \$5.60 for the first quarter, compared with \$4.91 last year.

• **Check Point Software Technologies Ltd:** The company reported a higher than expected profit for the first quarter, helped by double-digit growth in its AI-powered security platform, which constituted more than 13% of total revenue. The Israeli-based company said it earned \$2.04 per diluted share excluding one-off items in the January-March quarter, up 13% from a year earlier. Revenue grew 6% to \$599 million. It was forecast to earn \$2.00 a share on revenue of \$594.88 million. Check Point said it bought back about 2 million shares in the quarter, worth \$325 million, as part of its ongoing \$2 billion share buyback programme.

• **Chipotle Mexican Grill Inc:** The company raised its full-year sales forecast on Wednesday, on the back of resilient demand for its burritos and rice bowls despite higher menu prices. The company expects comparable restaurant sales growth of mid-to-high-single digit percentage for 2024, versus its previous projection of mid-single digit growth. Data from Placer.ai showed that Chipotle saw visits increase by 10% year-over-year in the first quarter, ahead of the 4.1% growth seen by the fast-casual segment. The restaurant chain's comparable sales rose 7% in the first quarter, compared with estimates of a 4.97% increase. Chipotle's restaurant level operating margin rose to 27.5% in the quarter ended March 31, from 25.6% a year ago. Its first-quarter adjusted profit came in at \$13.37 per share, above estimates of \$11.68.

• **Comcast Corp:** Comcast beat quarterly revenue estimates driven by higher-than-expected subscriber growth at its Peacock streaming service and strong attendance at its theme parks. Peacock added 3 million subscribers in the first quarter, taking its total to 34 million and outpacing estimates of 2.32 million by Visible Alpha, thanks to higher investments that Comcast hopes will help it compete better with Netflix and Disney+. Revenue at the streaming service rose about 54% from a year earlier, helping Comcast report a total revenue of \$30.06 billion. Comcast lost 65,000 broadband customers in the January-March quarter, against estimates for a loss of 49,000 customers, according to FactSet.

• **Deutsche Bank AG:** The company posted a better-than-expected 10% increase in first-quarter profit as a resurgence in fixed-income trading and deal-making propelled revenue at its investment banking division. Deutsche's net profit attributable to shareholders was 1.275 billion euros in the quarter. Deutsche's investment

banking revenue rose 13% during the quarter, better than the 6.9% rise expected by analysts. A 5% drop in revenues at the corporate bank missed expectations for a 3.5% fall, and the retail division's 2% revenue decline came in as forecast. Revenue for fixed-income and currency trading, one of the bank's largest businesses, rose 7% from a weak quarter a year earlier. That beat expectations for a 2.6% gain and was ahead of a 3% drop by the biggest U.S. banks.

• **Ford Motor Co:** The company posted first-quarter earnings on Wednesday that beat Wall Street's expectations, bolstered by a strong performance in its commercial vehicle division and an increase in its hybrid vehicle sales. The company said it expects to achieve the higher end of its projected annual guidance of \$10 billion to \$12 billion in earnings before interest and taxes. The carmaker recorded a \$1.3 billion operating loss for its EV and software division in the first quarter. The company posted a rare 13% drop in quarterly revenue for its gas-engine business, which the company blamed on the launch of the new F-150 pickup truck. Ford posted quarterly adjusted earnings of 49 cents per share for the quarter ended March 31, compared with 63 cents per share a year earlier.

• **Harley-Davidson Inc:** The company posted a 23% decline in first-quarter profit, hurt by slow sales of its motorcycles in North America as high borrowing costs deter potential buyers from making expensive purchases. Global motorcycle shipments, including those of Cruiser, Trike and Touring bikes, fell 7% in the quarter from a year earlier. Revenue fell 5% to \$1.48 billion, driven by a decrease in wholesale shipments and lower global pricing. The company reported consolidated net income of \$235 million, or \$1.72 per share, for the first quarter, compared with \$304 million, or \$2.04 per share, a year earlier.

• **Lam Research Corp:** The company reported quarterly revenue above Wall Street expectations on Wednesday, as chipmakers ordered more of its equipment used to manufacture semiconductors for artificial intelligence applications. The company expects revenue for the current quarter ending June 30 at \$3.8 billion plus or minus \$300 million, compared with analysts' average estimate of \$3.77 billion. Lam posted revenue of \$3.79 billion in the three months ended March 31, compared with market estimates of \$3.72 billion. Excluding items, the company posted profit of \$7.79 per share, compared with estimates of \$7.30 per share.

• **Meta Platforms Inc:** The company disappointed investors on Wednesday with forecasts of higher expenses and lighter-than-expected revenue, knocking nearly \$200 billion off its stock market value and raising fears the surging cost of AI is outpacing its benefits. Its market capitalization plunged to about \$1 trillion. Meta said it expects April-June revenue in the range of \$36.5 billion-\$39 billion, with a midpoint of \$37.8 billion, compared with analysts' estimates of \$38.3 billion. It raised its 2024 total expense forecast to \$96 billion-\$99 billion, from \$94 billion-\$99 billion. It also expects 2024 capital expenditure to fall within a range of \$30 billion-\$40 billion, up from its earlier forecast of \$35 billion-\$37 billion, it said. Meta posted first-quarter revenue of \$36.5 billion, roughly in line with expectations of \$36.2 billion.

• **Merck & Co:** The company raised its annual profit and revenue forecast on the back of strong sales for its blockbuster cancer drug Keytruda. The drugmaker said it expected earnings of \$8.53 and \$8.65 per share, up from its previous forecast of \$8.44 to \$8.59, and sales of \$63.1-\$64.3 billion for the year. Merck's new forecast includes a \$0.26 per share charge for its \$680 million acquisition of cancer drug developer Harpoon Therapeutics, which closed in the first quarter of 2024, the company said. The drugmaker in February forecast 2024 sales between \$62.7 billion and \$64.2 billion. Analysts, on average, estimate annual earnings per share of \$8.56 and sales of \$63.83 billion. Merck reported first-quarter profit of \$2.07 per share on an adjusted basis, compared with analysts estimates of \$1.88 per share. Sales came in at \$15.8 billion, rising 9% and beating average analyst predictions of \$15.2 billion for the quarter.

• **Molina Healthcare Inc:** The company beat Wall Street estimates for first-quarter earnings on Wednesday, aided by higher premiums in its government-backed Medicaid insurance plans for people with low income. The company also reaffirmed its 2024 outlook, with premium revenue of about \$38 billion and adjusted earnings of at least \$23.50 per diluted share. Wall Street analysts expect full-year earnings of \$23.56 per share. The company's Medicaid membership rose to 5.1 million in the reported quarter, and Medicare membership rose to 258,000. The company posted adjusted profit of \$5.73 per share for the quarter ended March 31, while analysts were expecting \$5.59 per share. Molina's revenue from premiums came in at \$9.5 billion for the quarter, compared with analysts' expectation of \$9.2 billion.

• **O'Reilly Automotive Inc:** The auto parts distributor missed analysts' estimates for first-quarter profit on Wednesday, hurt by increased costs. Auto parts sellers were also hit by tough weather conditions, hurting sales during the start of the year. O'Reilly forecast its capital expenditure for 2024 to range between \$900 million and \$1.0 billion and plans to open 190 to 200 stores in the year. Its comparable sales rose 3.4% in the first quarter, versus 10.8% growth a year earlier. The company posted adjusted profit of \$9.20 per share, compared with analysts' average estimate of \$9.26 per share. The company reported sales of \$3.980 billion for the quarter ended

March 31, mostly in line with estimates. It forecast 2024 adjusted profit per share to be between \$41.35 and \$41.85, below analysts' estimate of \$42.42 per share.

- **Raymond James Financial Inc:** The company on Wednesday posted a 11% rise in second-quarter adjusted profit, powered by strong performance in its capital markets business on the back of a rebound in mergers and acquisitions. Revenue in the capital markets unit jumped 6% to \$321 million in the January-to-March quarter, driven by a rebound in investment banking, which increased to \$171 million from \$145 million in the year ago period. Raymond James' asset management revenue rose 17% in the reported quarter to \$252 million. Adjusted net income available to common shareholders was \$494 million, or \$2.31 per share, in the three months ended March 31, compared with \$446 million, or \$2.03 per share, a year earlier.
- **Rollins Inc:** The company topped market expectations for first-quarter revenue on Wednesday, helped by pricing actions and as demand for its pest control services held steady despite tough macroeconomic conditions in the United States. The company's revenue for the three months ended March 31 rose about 14% to \$748.3 million, compared with analysts' average estimate of \$739.1 million. Rollins' adjusted profit per share for the quarter was 20 cents, in line with market expectations.
- **ServiceNow Inc:** The company on Wednesday forecast second-quarter subscription revenue below market expectation as businesses spend cautiously in a tough economy. It expects subscription revenue between \$2.525 billion and \$2.530 billion in the second quarter, below estimates of \$2.54 billion. Strong adoption of GenAI has also driven gross margin higher, he added. Total gross margin stood at 80% in the first quarter, compared with 79%, a year ago. ServiceNow posted a profit of \$347 million, or \$1.67 per share, for the quarter ended March 31, compared with \$150 million, or 73 cents per share, a year ago. The company's quarterly revenue jumped 24% to \$2.60 billion from a year earlier. Analysts, on average, expected revenue of \$2.59 billion.
- **Southwest Airlines Co:** The company slashed its estimates for new aircraft deliveries from Boeing in 2024 for the third time and said it plans to undertake cost-cutting measures to ease the resultant blow. The airline said it will limit hiring and offer voluntary time off programs and expects to end the year with about 2,000 fewer employees compared to 2023. Southwest reported a loss of \$231 million, or \$0.39 per share for its first quarter ended March 31, compared to \$159 million, or \$0.27 per share a year earlier. It has cut its annual capacity forecast and now expects available seat miles to be up about 4%, compared with its previous estimate of about a 6% growth. Southwest Airlines' operating revenue rose 10.9%, to \$6.33 billion, compared with last year.
- **Teradyne Inc:** The semiconductor-testing equipment maker forecast second-quarter profit and revenue above Wall Street estimates on Wednesday, helped by strong demand for its chip-testing equipment. The company said it expects second-quarter revenue in the range of \$665 million to \$725 million, compared with estimates of \$636.6 million. It also expects adjusted earnings per share for the second quarter in the range of 64 cents to 84 cents, compared with estimates of 60 cents. The company's revenue for the first quarter fell around 3% to \$600 million from a year ago. However, it beat analysts' expectations of \$566.3 million. On an adjusted basis, the company earned 51 cents per share in the quarter ending March 31, compared with estimates of 33 cents per share.
- **Ternium SA:** The steelmaker on Wednesday posted a first-quarter net profit that edged up 2%, propelled by larger shipments of steel even as it predicted that margins could shrink in the coming months. Ternium posted a net profit of \$491 million while its net sales rose by about a third to reach \$4.8 billion during the quarter. The company's steel shipments during the January-to-March period, meanwhile, jumped 27% year-on-year to hit 3.9 million metric tons. Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), soared 68% to total \$855 million. Looking forward, the company said it expected its recurring adjusted EBITDA in the second quarter to shrink compared to the first three months of the year, citing lower margins even as it expects steel shipments to grow.
- **Tyler Technologies Inc:** The company beat Wall Street estimates for first-quarter revenue on Wednesday, helped by strong demand for its information technology services as enterprise clients are moving towards digital solutions. The company posted revenue of \$512.4 million for the quarter ended March 31, above analysts' estimates of \$507.2 million. The IT-solution provider's subscription revenue rose 11.7% to \$313.2 million during the reported quarter from an year earlier. The company's first-quarter earnings per share stood at \$1.26, up from 73 cents a year earlier. Tyler raised the lower end of its full-year 2024 revenue forecast. It now expects revenue between \$2.11 billion to \$2.14 billion, up from its earlier forecast of \$2.10 billion to \$2.14 billion.
- **United Rentals Inc:** The equipment rental firm beat analysts' estimate for first-quarter profit on Wednesday, backed by robust demand across its markets. The posted an adjusted profit of \$9.15 per share for the quarter ended March 31, compared with analysts' average estimate of \$8.33. Total revenue rose 6% to \$3.49 billion, compared with estimates of \$3.44 billion. Its rental revenue increased nearly 7% year-over-year to \$2.93 billion.



The company raised its 2024 total revenue forecast to range between \$14.95 billion to \$15.45 billion, compared with the prior range of \$14.65 billion to \$15.15 billion.

• **Universal Health Services Inc:** The company on Wednesday beat Wall Street estimates for first-quarter profit aided by higher patient admissions, amid a resurgence in demand for some non-urgent surgeries and easing staff shortages. Universal Health Services, however, did not share any commentary on net revenue forecast for 2024 in the earnings release. Analysts expect 2024 net revenue of \$15.52 billion. Higher admissions, mainly in acute care hospitals, increased the company's quarterly net revenue by 10.8% to \$3.84 billion, compared with analysts' estimate of \$3.78 billion. The company reported an adjusted profit of \$3.70 per share for the quarter ended March 31, topping analysts' estimate of \$3.16 per share.

• **Waste Management Inc:** The company beat analysts' estimates for first-quarter profit on Wednesday, helped by higher prices and steady demand for garbage collection and disposal. Core prices, a performance metric used by the company to signify price changes, increased 7.2% for the first quarter. The Houston, Texas-based company posted adjusted quarterly profit of \$1.75 per share, ahead of analysts' average expectation of \$1.51 per share. WM also benefited from the use of automation, which has reduced labor costs and increased efficiency. The company said it expects 2024 free cash flow to be between \$2 billion and \$2.15 billion. It also expects annual revenue to increase 5% to 5.57% from prior year. Its total revenue in the quarter ended March 31 rose 5.5% to \$5.16 billion.

• **Whirlpool Corp:** The company will lay off about 1,000 salaried employees globally, the home appliances maker said on Wednesday. The company said it first cut jobs in March and expects a second wave of reductions by early May. Whirlpool aims to trim up to \$400 million in costs this year, the Wall Street Journal, which reported the news earlier in the day, quoted the company's chief financial officer, Jim Peters, as saying. Whirlpool in a regulatory filing on Wednesday said it was committed to its workforce reduction plans and expects to incur about \$50 million of restructuring charges in 2024. Whirlpool also reported a 3.4% drop in its first-quarter net sales to \$4.49 billion on Wednesday.

### **Deals Of The Day**

• **International Business Machines SA:** IBM will buy HashiCorp in a deal valued at \$6.4 billion, the company said on Wednesday, expanding its cloud-based software products to tap into an AI-powered boom in demand. IBM will pay \$35 per share for HashiCorp, a 42.6% premium to Monday's closing price. HashiCorp's shares had surged on Tuesday following media reports of the deal talks. IBM's total revenue of \$14.46 billion compared with estimates of \$14.55 billion. Consulting segment sales were flat in the quarter. IBM's software business grew 5.5% in the first quarter. IBM said the HashiCorp acquisition would be funded by cash on hand and would add to adjusted core profit within the first full year of closing, expected by the end of 2024. IBM reported adjusted earnings of \$1.68 per share for the quarter ended March, compared to analysts' average estimate of \$1.60.

### **IPOs**

• **Rubrik Inc:** The cybersecurity software startup that counts Microsoft among its investors, on Wednesday priced its initial public offering at \$32 per share, above its indicated price range. Rubrik upsized its IPO to raise \$752 million after selling 23.5 million shares, the company said in a statement. This confirmed an earlier Reuters report about the offering details. The company priced its IPO above its previous target range of \$28-\$31, valuing the Palo Alto, California-based Rubrik at around \$5.6 billion based on the outstanding shares listed in its filing with the U.S. Securities and Exchange Commission. Rubrik will list its shares on the New York Stock Exchange under the ticker "RBRK" on Thursday.

### **Moves**

• **Morgan Stanley:** Morgan Stanley Private Equity Asia (PEA) is reorganising its teams in the region as its current chief executive of Asia Chin Chou is retiring, according to an internal memo reviewed by Reuters. Morgan Stanley will carve out a China-focused team from the rest of the region that focuses on investments in onshore and offshore China, according to the memo. The firm has appointed Jun Xu, who is currently head of its yuan-denominated investment funds, to lead all private equity investing in China, the memo said. Nirav Mehta and Arjun Saigal, currently co-heads of India PE, will take the role of co-heads of PEA ex-China, which will still invest across the region with India as its core focus, Morgan Stanley said in the memo.

### **In Other News**

• **Alphabet Inc:** Three U.S. law firms that spearheaded a browser data privacy class action against Alphabet's Google and reached a settlement earlier this month have asked a judge to award them \$217.6 million in attorney fees. The firms, Boies Schiller Flexner, Morgan & Morgan and Susman Godfrey, have estimated the value of the settlement as up to \$7.8 billion. Google is not paying damages as part of the accord, but it may be sued by individual users. Google has denied wrongdoing but agreed to destroy billions of data records in the settlement, which would resolve claims that it secretly tracked the internet use of people who thought they were browsing

privately. The agreement and attorney fee award are subject to approval by a federal judge in Oakland, California.

- **Apple Inc:** The company lost its crown as China's biggest smartphone seller in the first quarter of 2024 as its smartphone shipments fell 6.6% from a year ago amid intense competition, preliminary data from research firm IDC showed. Honor and Huawei were tied for the top spot, with Honor's market share rising to 17.1% and Huawei's share climbing to 17%, IDC said, while the iPhone maker's market share fell to 15.6%. The IDC declares a statistical tie when the difference between the share of revenue or shipments between two or more vendors is 0.1% or less. "Apple's price promotions in the quarter were unable to mitigate the impact of the intense competition from Android players," Arthur Guo, senior research analyst at IDC China said in the report. Overall smartphone shipments in China rose 6.5% to 69.3 million units, according to IDC.
- **Boeing Co:** U.S. Justice Department officials plan to decide as soon as late May whether Boeing violated an agreement that shielded the planemaker from criminal prosecution over fatal crashes in 2018 and 2019, people familiar with the matter said. Government officials revealed the timeline during five hours of meetings on Wednesday in which families of the victims of the two Boeing 737 MAX crashes pressed U.S. officials to criminally prosecute the planemaker. The agreement gives U.S. officials six months from the deal's Jan. 7 expiration -- or until July 7 -- to decide whether to prosecute Boeing on a charge that the company conspired to defraud the Federal Aviation Administration or pursue other alternatives to dismissing the case.
- **Chevron Corp & Hess Corp:** The company on Wednesday said its board has set April 12 as the record date for the determination of the stockholders entitled to vote on the proposed merger with Chevron. Shareholders will vote on the proposed deal in a meeting whose date is yet to be set, the company said in a U.S. securities filing. Neither Chevron nor Hess can predict the actual date on which the transaction will be completed, it said in the filing.
- **Cisco Systems Inc:** The technology firm said that hackers have subverted some of its digital security devices to break in to government networks globally. In a blog post published on Wednesday, the company said its Adaptive Security Appliances - pieces of equipment that roll several different digital defense functions into one - had previously unknown vulnerabilities that had been exploited by a group of hackers they called "UAT4356." The blog post described the group as a "sophisticated state-sponsored actor" and said that the company's investigation found victims that "involved government networks globally." In a statement, the company said it urged customers to take "immediate action" to update their software.
- **Hawaiian Electric Industries Inc:** The company on Wednesday told customers to resume using electricity a normal, ending a call to conserve power on Hawaii Island after its generation capacity dropped due to some units going out of service. The Keahole CT-5 unit was online ahead of schedule following a major maintenance overhaul, along with the Puna Steam unit and the Kanoelehua CT-1 unit. These units have a combined production capacity of up to 53 megawatts (MW), which could account for nearly one-third of Hawaii Island's typical peak demand of 180 MW. Generation margins have recovered to the point that conservation can be lifted, the Honolulu-based company said.
- **Micron Technology Inc:** U.S. President Joe Biden will travel to Syracuse, New York, on Thursday to announce a preliminary agreement with memory chip maker Micron for up to \$6.14 billion in subsidies for two chip factories, the White House said. The agreement signed by the U.S. Commerce Department will fund facilities in New York and Idaho under the 2022 CHIPS and Science Act, which aims to boost domestic manufacturing of chips and reduce reliance on supplies from China and Taiwan. The Commerce Department said the federal grants would support the construction of a fabrication plant, or fab, in Clay, New York, a first step toward Micron's plans to invest about \$100 billion in New York and create 13,500 jobs. The grants would also provide initial funding for a facility in Boise, Idaho, unlocking a planned \$25 billion investment in a fab to be co-located with Micron's research and development facilities there and should create 6,500 jobs, Commerce said.
- **Southwest Airlines Co:** The airlines' flight attendants on Wednesday voted in favor of a new contract with an immediate 22% pay raise, the union representing the employees and the carrier said on Wednesday. Nearly 20,000 flight attendants at the airline voted in favor of a new collective bargaining agreement, the Transport Workers Union's local chapter 556 said. Of the nearly 93% of eligible voters, 81% voted in support of the contract which will give them an immediate 22% pay raise this year and 3% per year raises till May 2028. The new contract comes after the airline's two previous attempts to secure a deal with the union.
- **VinFast Auto Ltd:** Vietnamese billionaire Pham Nhat Vuong said he planned to invest \$1 billion more from his own fortune into Nasdaq-listed electric vehicle (EV) maker VinFast, and was considering listings for other companies he controls. Speaking at a shareholders meeting of Vingroup, the conglomerate he chairs and of which he directly owns 18% of its shares, Vuong said he could further expand investments in loss-making VinFast after

he and Vingroup had poured \$11.4 billion into the company as of the end of last year. Over 70% of the 35,000 cars VinFast sold last year went to an electric taxi company, GSM, owned by Vuong, filings show.

## FOCUS

### **UPS, FedEx transition to electric vans slowed by battery shortages, low supply**

UPS and FedEx are facing uncertainty in U.S. supplies of big, boxy electric step vans they need to replace their gas guzzlers and make a dent in the country's climate-warming tailpipe emissions.

## ANALYSTS' RECOMMENDATION

- **Boeing Co:** Goldman Sachs cuts target price to \$243 from \$257, after the company warned of a substantial further free cash outflow in the second-quarter on slower MAX deliveries.
- **Humana Inc:** Oppenheimer cuts target price to \$370 from \$415, as the company revised its 2025 growth guidance of \$6-10 EPS due to the rate pressures, while it extended its return to 3% margins beyond 2026.
- **International Business Machines Corp:** Jefferies cuts target price to \$190 from \$210, following the company's softer consulting revenue growth and concerns over AI monetization.
- **Meta Platforms Inc:** RBC cuts target price to \$570 from \$600, after the company said it expects AI to be a multi-year investment driving capex higher and flagged more legal expenses ahead.
- **Thermo Fisher Scientific Inc:** Wolfe Research raises target price to \$625 from \$615, highlighting the company's strong first quarter results and organic revenue growth.

## ECONOMIC EVENTS (All timings in U.S. Eastern Time)

0830 **GDP advance** for Q1: Expected 2.4%; Prior 3.4%  
 0830 **GDP sales advance** for Q1: Prior 3.9%  
 0830 **GDP consumption spending advance** for Q1: Prior 3.3%  
 0830 **GDP deflator advance** for Q1: Expected 3.0%; Prior 1.7%  
 0830 **Core PCE prices advance** for Q1: Expected 3.4%; Prior 2.0%  
 0830 **PCE prices advance** for Q1: Prior 1.8%  
 0830 **PCE excluding food, energy & housing (A)** for Q1: Prior 1.3%  
 0830 **PCE services excluding energy & housing (A)** for Q1: Prior 2.6%  
 0830 **Initial jobless claims:** Expected 215,000; Prior 212,000  
 0830 **Jobless claims 4-week average:** Prior 214,500  
 0830 **Continued jobless claims:** Expected 1.805 mln; Prior 1.812 mln  
 0830 **Advance goods trade balance** for March: Prior -90.30 bln  
 0830 **Wholesale inventories advance** for March: Prior 0.5%  
 0830 **Retail inventories excluding-auto advance** for March: Prior 0.4%  
 1000 **Pending Homes Index** for March: Prior 75.6  
 1000 **Pending sales change mm** for March: Expected 0.8%; Prior 1.6%  
 1100 **KC Fed Manufacturing** for April: Prior -9  
 1100 **KC Fed Composite Index** for April: Prior -7

## COMPANIES REPORTING RESULTS

**A O Smith Corp:** Expected Q1 earnings of 98 cents per share  
**Allegion PLC:** Expected Q1 earnings of \$1.45 cents per share  
**Alphabet Inc:** Expected Q1 earnings of \$1.51 cents per share  
**Altria Group Inc:** Expected Q1 earnings of \$1.15 cents per share  
**AvalonBay Communities Inc:** Expected Q1 earnings of \$1.17 cents per share  
**Capital One Financial Corp:** Expected Q1 earnings of \$3.31 cents per share  
**Cincinnati Financial Corp:** Expected Q1 earnings of \$1.69 cents per share  
**Dexcom Inc:** Expected Q1 earnings of 27 cents per share  
**DTE Energy Co:** Expected Q1 earnings of \$1.71 cents per share  
**Eastman Chemical Co:** Expected Q1 earnings of \$1.43 cents per share  
**Edwards Lifesciences Corp:** Expected Q1 earnings of 64 cents per share  
**Fair Isaac Corp:** Expected Q2 earnings of \$5.81 cents per share  
**FirstEnergy Corp:** Expected Q1 earnings of 56 cents per share

**GE Vernova Inc:** Expected Q1 loss of 37 cents per share  
**Gilead Sciences Inc:** Expected Q1 loss of \$1.49 cents per share  
**Hartford Financial Services Group Inc:** Expected Q1 earnings of \$2.45 cents per share  
**Healthpeak Properties Inc:** Expected Q1 earnings of 07 cents per share  
**Hess Corp:** Expected Q1 earnings of \$1.67 cents per share  
**Intel Corp:** Expected Q1 earnings of 14 cents per share  
**International Paper Co:** Expected Q1 earnings of 22 cents per share  
**Juniper Networks Inc:** Expected Q1 earnings of 40 cents per share  
**Keurig Dr Pepper Inc:** Expected Q1 earnings of 35 cents per share  
**KLA Corp:** Expected Q3 earnings of \$5.01 cents per share  
**L3Harris Technologies Inc:** Expected Q1 earnings of \$2.90 cents per share  
**Laboratory Corporation of America Holdings:** Expected Q1 earnings of \$3.48 cents per share  
**Microsoft Corp:** Expected Q3 earnings of \$2.82 cents per share  
**Mohawk Industries Inc:** Expected Q1 earnings of \$1.68 cents per share  
**Pool Corp:** Expected Q1 earnings of \$1.91 cents per share  
**Principal Financial Group Inc:** Expected Q1 earnings of \$1.73 cents per share  
**Resmed Inc:** Expected Q3 earnings of \$1.91 cents per share  
**Robert Half Inc:** Expected Q1 earnings of 61 cents per share  
**T-Mobile US Inc:** Expected Q1 earnings of \$1.87 cents per share  
**Tractor Supply Co:** Expected Q1 earnings of \$1.72 cents per share  
**Union Pacific Corp:** Expected Q1 earnings of \$2.51 cents per share  
**Valero Energy Corp:** Expected Q1 earnings of \$3.24 cents per share  
**VeriSign, Inc:** Expected Q1 earnings of \$1.86 cents per share  
**West Pharmaceutical Services Inc:** Expected Q1 earnings of \$1.27 cents per share  
**Western Digital Corp:** Expected Q3 earnings of 21 cents per share  
**Weyerhaeuser Co:** Expected Q1 earnings of 15 cents per share  
**WW Grainger Inc:** Expected Q1 earnings of \$9.62 cents per share

#### **CORPORATE EVENTS (All timings in U.S. Eastern Time)**

0800 **Allegion PLC:** Q1 earnings conference call  
 0800 **Bristol-Myers Squibb Co:** Q1 earnings conference call  
 0800 **Dow Inc:** Q1 earnings conference call  
 0800 **Keurig Dr Pepper Inc:** Q1 earnings conference call  
 0800 **Molina Healthcare Inc:** Q1 earnings conference call  
 0800 **Nasdaq Inc:** Q1 earnings conference call  
 0800 **Textron Inc:** Q1 earnings conference call  
 0830 **American Airlines Group Inc:** Q1 earnings conference call  
 0830 **Caterpillar Inc:** Q1 earnings conference call  
 0830 **Comcast Corp:** Q1 earnings conference call  
 0830 **DTE Energy Co:** Q1 earnings conference call  
 0830 **Honeywell International Inc:** Q1 earnings conference call  
 0830 **Rollins Inc:** Q1 earnings conference call  
 0830 **S&P Global Inc:** Q1 earnings conference call  
 0830 **Teradyne Inc:** Q1 earnings conference call  
 0830 **United Rentals Inc:** Q1 earnings conference call  
 0845 **Union Pacific Corp:** Q1 earnings conference call  
 0900 **Altria Group Inc:** Q1 earnings conference call  
 0900 **Citizens Financial Group Inc:** Annual Shareholders Meeting  
 0900 **Global Payments Inc:** Annual Shareholders Meeting  
 0900 **Laboratory Corporation of America Holdings:** Q1 earnings conference call  
 0900 **Merck & Co Inc:** Q1 earnings conference call  
 0900 **Northrop Grumman Corp:** Q1 earnings conference call  
 0900 **NRG Energy Inc:** Annual Shareholders Meeting  
 0900 **Pfizer Inc:** Annual Shareholders Meeting  
 0900 **Universal Health Services Inc:** Q1 earnings conference call  
 0900 **West Pharmaceutical Services Inc:** Q1 earnings conference call  
 0900 **Willis Towers Watson PLC:** Q1 earnings conference call  
 0930 **CMS Energy Corp:** Q1 earnings conference call  
 0930 **Dover Corp:** Q1 earnings conference call  
 0930 **Texas Instruments Inc:** Annual Shareholders Meeting  
 1000 **A O Smith Corp:** Q1 earnings conference call





1000 **AES Corp:** Annual Shareholders Meeting  
 1000 **Domino's Pizza Inc:** Annual Shareholders Meeting  
 1000 **International Paper Co:** Q1 earnings conference call  
 1000 **Johnson & Johnson:** Annual Shareholders Meeting  
 1000 **Royal Caribbean Cruises Ltd:** Q1 earnings conference call  
 1000 **Tractor Supply Co:** Q1 earnings conference call  
 1000 **Tyler Technologies Inc:** Q1 earnings conference call  
 1000 **Valero Energy Corp:** Q1 earnings conference call  
 1000 **Waste Management Inc:** Q1 earnings conference call  
 1000 **Xcel Energy Inc:** Q1 earnings conference call  
 1100 **Fastenal Co:** Annual Shareholders Meeting  
 1100 **Globe Life Inc:** Annual Shareholders Meeting  
 1100 **J B Hunt Transport Services Inc:** Annual Shareholders Meeting  
 1100 **Newmont Corporation:** Q1 earnings conference call  
 1100 **O'Reilly Automotive Inc:** Q1 earnings conference call  
 1100 **PG&E Corp:** Q1 earnings conference call  
 1100 **Pool Corp:** Q1 earnings conference call  
 1100 **Snap-On Inc:** Annual Shareholders Meeting  
 1100 **WW Grainger Inc:** Q1 earnings conference call  
 1200 **Edison International:** Annual Shareholders Meeting  
 1230 **Southwest Airlines Co:** Q1 earnings conference call  
 1430 **Avery Dennison Corp:** Annual Shareholders Meeting  
 1500 **HCA Healthcare Inc:** Annual Shareholders Meeting  
 1630 **Alphabet Inc:** Q1 earnings conference call  
 1630 **Dexcom Inc:** Q1 earnings conference call  
 1630 **Gilead Sciences Inc:** Q1 earnings conference call  
 1630 **Resmed Inc:** Q3 earnings conference call  
 1630 **T-Mobile US Inc:** Q1 earnings conference call  
 1630 **VeriSign Inc:** Q1 earnings conference call  
 1630 **Western Digital Corp:** Q3 earnings conference call  
 1700 **Capital One Financial Corp:** Q1 earnings conference call  
 1700 **Edwards Lifesciences Corp:** Q1 earnings conference call  
 1700 **Fair Isaac Corp:** Q2 earnings conference call  
 1700 **Intel Corp:** Q1 earnings conference call  
 1700 **Robert Half Inc:** Q1 earnings conference call  
 1715 **Arthur J Gallagher & Co:** Q1 earnings conference call  
 1730 **Microsoft Corp:** Q3 earnings conference call  
 1800 **Intuitive Surgical Inc:** Annual Shareholders Meeting  
 1800 **KLA Corp:** Q3 earnings conference call

#### EX-DIVIDENDS

**Bank of New York Mellon Corp:** Amount \$0.42

**Costco Wholesale Corp:** Amount \$1.16

*(All analysts' estimates are according to LSEG IBES data)*

## PICTURE OF THE DAY



Members of the gallery say the pledge of allegiance before the Arizona State Legislature House Democrats try again to repeal an 1864 law that bans nearly all abortions, during a session in the state legislature in Phoenix, Arizona, April 24. REUTERS/Rebecca Noble

(Compiled by Shreya Sabharwal and Anjana J Nair in Bengaluru)

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[morning.newscall@thomsonreuters.com](mailto:morning.newscall@thomsonreuters.com)

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10 Paternoster Square, London, EC4M 7LS, United Kingdom

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